

G7 CONCEPT NOTE # 1

Digitalization, automation and the future of work

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The world of work is facing radical changes due to the technological transformation affecting all economic and societal domains. Digital technologies are spreading across countries, industries and firms making geographical and time distances increasingly irrelevant. Automation is becoming widely deployed and Artificial Intelligence is emerging as a new technological paradigm. As a result, process innovations as Advanced Manufacturing and Internet of Things pave the way for the substitution of a number of routinized and low-skill jobs while promising an astonishing increase in production efficiency. At the same time, human beings are increasingly asked to develop and exploit immaterial capabilities, creativity and soft skills with tasks once performed in rigidly organized workplaces now being performed in highly flexible environments. Significant market opportunities are materializing in connection to the development of Internet-related businesses enlarging the space for entrepreneurship, innovation-intensive SMEs and startups.

The challenges entailed by this technological revolution add to already-present issues such as market globalization, demographic trends and massive migration flows. Technological change may impact unevenly across countries, regions and workers leading to an asymmetric distribution of technology-related benefits. In a word, technological change is not neutral for the distribution of opportunities, skills and income. G7 nations may be pushed along a multitude of trajectories each characterized by a diverse amount (and distribution) of benefits and costs. On the one hand, governments, businesses and workers face great opportunities to grow faster and to better satisfy old and new human needs. On the other hand, social sustainability of the ongoing process is at risk due to its pace and extent. Major issues are at stake here: *employment quantity and quality; skills upgrading and diffusion of digital skills; enhancement of working conditions.*

In such a context, economic and social policies can play a key role to support the world of work by helping to make the most of the opportunities implied by the ongoing process of change while reducing its risks. Due the global nature of this process, moreover, G7 nations recognize the extraordinary opportunity they have today to coordinate their actions so as to take full advantage of the benefits of innovation, making it a source of prosperity and well-being for all. If aptly steered, this transformation represents a fundamental opportunity to generate quality jobs, strengthen skills, improve income distribution and reinforce safety nets and social cohesion.

The overriding concern of the G7 Labour Ministers is to effectively address all these issues, ensuring that citizens and communities are not left behind and that fundamental rights and principles are respected throughout this process of change. The policy challenges entailed by the ongoing transformation can be summarized in the following set of questions:

How can technological unemployment be avoided?

How can G7 economies strengthen their skill structure and spread digital skills?

How can G7 economies ensure an even distribution of technological opportunities across countries, regions and firms?

How can social dialogue help the whole process?